EXHIBIT 11



For Release

FTC Takes Action Against Amazon for Enrolling Consumers in Amazon Prime Without Consent and Sabotaging Their Attempts to Cancel

Complaint outlines details of company's knowing failure to address nonconsensual subscriptions and cancellation trickery

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Tags: Consumer Protection | Bureau of Consumer Protection | deceptive/misleading conduct |
Technology | Advertising and Marketing | Online Advertising and Marketing |
Advertising and Marketing Basics

The Federal Trade Commission is taking action against Amazon.com, Inc. for its years-long effort to enroll consumers into its Prime program without their consent while knowingly making it difficult for consumers to cancel their subscriptions to Prime.

In a <u>complaint filed today</u>, the FTC charges that Amazon has knowingly duped millions of consumers into unknowingly enrolling in Amazon Prime. Specifically, Amazon used manipulative, coercive, or deceptive user-interface designs known as "dark patterns" to trick consumers into enrolling in automatically-renewing Prime subscriptions.

Amazon also knowingly complicated the cancellation process for Prime subscribers who sought to end their membership. The primary purpose of its Prime cancellation process was not to enable subscribers to cancel, but to stop them. Amazon leadership slowed or rejected changes that would've made it easier for users to cancel Prime because those changes adversely affected Amazon's bottom line.

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"Amazon tricked and trapped people into recurring subscriptions without their consent, not only frustrating users but also costing them significant money," said FTC Chair Lina M. Khan. "These manipulative tactics harm consumers and law-abiding businesses alike. The FTC will continue to vigorously protect Americans from "dark patterns" and other unfair or deceptive practices in digital markets."

For now, the FTC's complaint is significantly redacted, though the FTC has told the Court it does not find the need for ongoing secrecy compelling. Nevertheless, the complaint contains a number of allegations related to the company's decision not to make changes to prevent nonconsensual enrollment in Prime and the difficulties consumers faced in attempting to unsubscribe from the service. Specifically, the complaint charges that Amazon used so-called "dark patterns" to cause consumers to enroll in Prime without their consent, in violation of the FTC Act, and the Restore Online Shoppers' Confidence Act.

During Amazon's online checkout process, consumers were faced with numerous opportunities to subscribe to Amazon Prime at \$14.99/month. In many cases, the option to purchase items on Amazon without subscribing to Prime was more difficult for consumers to locate. In some cases, the button presented to consumers to complete their transaction did not clearly state that in choosing that option they were also agreeing to join Prime for a recurring subscription.

The FTC charges that Amazon put in place a cancellation process designed to deter consumers from successfully unsubscribing from Prime. Previous <u>reporting about the process</u> in the media has noted that Amazon used the term "Iliad" to describe the process, which the reporting cites as an allusion to Homer's epic poem set over twenty-four books and nearly 16,000 lines about the decade-long Troward.

Consumers who attempted to cancel Prime were faced with multiple steps to actually accomplish task of cancelling, according to the complaint. Consumers had to first locate the cancellation flow, which Amazon made difficult. Once they located the cancellation flow, they were redirected to multiple pages that presented several offers to continue the subscription at a discounted price, to simply turn off the auto-renew feature, or to decide not to cancel. Only after clicking through these pages could consumers finally cancel the service.

The complaint notes that Amazon was aware of consumers being nonconsensually enrolled and the complex and confusing process to cancel Prime that the company's executives failed to take any

meaningful steps to address the issues until they were aware of the FTC investigation. In the complaint, the FTC also alleges that Amazon attempted to delay and hinder the Commission's investigation in multiple instances.

The Commission vote authorizing the staff to file the complaint was 3-0. The complaint was filed in the U.S. District Court for the Western District of Washington.

NOTE: The Commission files a complaint when it has "reason to believe" that the named defendants are violating or are about to violate the law and it appears to the Commission that a proceeding is in the public interest. The case will be decided by the court.

The staff attorneys on this matter are Jonathan Cohen, Olivia Jerjian, Max Nardini, and Evan Mendelson of the FTC's Bureau of Consumer Protection.

The Federal Trade Commission works to promote competition and <u>protect and educate consumers</u>. Learn more about consumer topics at <u>consumer.ftc.gov</u>, or report fraud, scams, and bad business practices at <u>ReportFraud.ftc.gov</u>. Follow the <u>FTC on social media</u>, read <u>consumer alerts</u> and the <u>business blog</u>, and <u>sign up to get the latest FTC news and alerts</u>.

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